

SUMMARY ANALYSIS OF AMENDED BILL

Franchise Tax Board

Author: Vasconcellos Analyst: Kristina E. North Bill Number: SB 1082

Related Bills: See Prior Analysis Telephone: 845-6978 Amended Date: May 17, 2001

Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: California Fund For Senior Citizens/Minimum Contribution Amount Must Be Met Beginning Taxable Year 2003

DEPARTMENT AMENDMENTS ACCEPTED. Amendments reflect suggestions of previous analysis of bill as introduced/amended _____.

AMENDMENTS IMPACT REVENUE. A new revenue estimate is provided.

AMENDMENTS DID NOT RESOLVE THE DEPARTMENT'S CONCERNS stated in the previous analysis of bill as introduced/amended _____.

☒ FURTHER AMENDMENTS NECESSARY.

☒ DEPARTMENT POSITION CHANGED TO SUPPORT.

☒ REMAINDER OF PREVIOUS ANALYSIS OF BILL AS INTRODUCED FEBRUARY 23, 2001, STILL APPLIES.

☒ OTHER - See comments below.

SUMMARY

This bill would require the repeal of the California Fund for Senior Citizens if the fund fails to meet the \$250,000 minimum contribution amount requirement.

This bill also would state legislative intent to support the operating costs of the California Senior Legislature through a continuous General Fund appropriation. This provision does not impact the department and is not discussed in this analysis.

SUMMARY OF AMENDMENTS

The May 17, 2001, amendment would require the repeal of the California Fund for Senior Citizens if the fund fails to meet the minimum contribution amount for taxable years beginning in 2003. Also, the Franchise Tax Board would be required to adjust the minimum contribution amount for inflation for calendar years beginning in 2003. Thus, the fund would be required to meet the minimum contribution amount as adjusted by inflation to remain on the 2003 tax return.

The May 16, 2001, amendment would have required the California Senior Citizens Fund to meet the minimum contribution amount for taxable years beginning in 2001. The May 16, 2001, amendment also added the legislative intent language.

Board Position:

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|---------------------------------------|------------------------------|----------------------------------|
| <input checked="" type="checkbox"/> S | <input type="checkbox"/> NA | <input type="checkbox"/> NP |
| <input type="checkbox"/> SA | <input type="checkbox"/> O | <input type="checkbox"/> NAR |
| <input type="checkbox"/> N | <input type="checkbox"/> OUA | <input type="checkbox"/> PENDING |

Legislative Director

Date

Brian Putler

05/23/01

The first policy concern in the department's analysis of the bill as introduced February 23, 2001, was resolved. Except for the changes discussed above, the modified technical concern (stated below), the remaining policy concern, and the new Board position, the remainder of the department's analysis of the bill as introduced, still applies.

POSITION

Support.

At its May 2, 2001, meeting, the Franchise Tax Board voted 2-0 to take a support position on this bill, with Annette Porini, on behalf of Member B. Timothy Gage abstaining.

TECHNICAL CONSIDERATION

The bill is internally inconsistent regarding the amount of the minimum contribution for 2003, the first time this fund would be required to meet a minimum contribution amount. The bill identifies the minimum contribution for 2003 as both \$250,000 and as \$250,000, as adjusted for inflation. For example, if the Consumer Price Index were inflated by 4% in 2003, the fund would be required to meet a minimum contribution limit of \$260,000 instead of \$250,000. The author may wish to eliminate this inconsistency by delaying the inflation indexing provision until 2004.

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